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HOUSE COMMITTEE FINDS INTELLIGENCE AGENCIES GENERALLY GO UNCHECKED

Panel Says Jackson Gave Secret Advice to C.I.A.

By NICHOLAS M. HORROCK
Special to The New York Times

WASHINGTON, Jan. 25—Senator Henry M. Jackson secretly advised the Central Intelligence Agency in 1973 on how to protect itself against an investigation by Senator Frank Church into the agency's relations with the International Telephone and Telegraph Corporation in Chile, according to the final report of a House committee.

The report, by the House Select Committee on Intelligence, quotes a C.I.A. memorandum of Feb. 23, 1973, that said, "Senator Jackson repeatedly made the comment that in his view the C.I.A. Oversight Committee [of which he was then a member] had the responsibility of protecting the agency in the type of situation that was inherent in the Church subcommittee."

"As a result of this conviction, Senator Jackson would work with the agency to see that we got this protection," the memorandum said.

From the beginning of sweeping investigations of the intelligence community last year, one paramount criticism has been that Congressional oversight committees were protective of the C.I.A. and did not attempt to control truly the agency's functions.

The House report has not been made public, but this and other portions were made available to The New York Times today.

Reached by telephone, Senator Jackson said that the author of the C.I.A. memorandum had taken "literary license" in describing his position. He said, however, that he did recall advising C.I.A. officials on "procedural matters" in responding to Senator Church's investigation.

"This was no coverup," he said. "Nothing like that."

In the spring of 1973, the Multinational Corporation Subcommittee of the Senate Foreign Relations Committee began an investigation of the Chilean activities of the International Telephone and Telegraph Corporation and its relations with the covert activities of the C.I.A. The subcommittee was headed by Mr. Church, the Idaho Democrat

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SECRECY IS CITED

A Year's Investigation Uncovered Number Of Irregularities

By JOHN M. CREWDSON
Special to The New York Times

WASHINGTON, Jan. 25—The House Select Committee on Intelligence has concluded following a year-long investigation that the Federal intelligence agencies, as they are currently constituted, operate in such secret ways that they are "beyond the scrutiny" of Congress, according to the panel's final report.

The 338-page report, which has not been released but a copy of which was obtained by The New York Times, discloses a number of irregularities uncovered by committee investigators. These include an apparent violation by the Central Intelligence Agency of a 1967 Presidential directive prohibiting it from providing secret financial assistance to any of the nation's educational institutions.

Low Budget Figures

The House committee also concluded that secret budget figures given to Congress by Federal intelligence agencies over the years were "three or four times" lower than the totals actually spent by the United States in gathering intelligence at home and abroad.

Many of those expenditures, it said, were obscured from Congress and were not adequately audited either by the Office of Management and Budget or by the agencies' own accountants, with the result that wastefulness and questionable expenditures had occurred.

The document is the third major government report in eight months detailing improper C.I.A. covert activities at home and abroad. On June 10 a Presidential commission headed by Vice President Rockefeller released its report on the agency's domestic spying activities and on Nov. 20 the Senate Select Committee on Intelligence issued its report that included assassination plots against foreign leaders.

9-to-4 Vote

The committee's investigation, the report on which was approved in final form by a 9-to-4 vote of the panel's members on Friday, but which will not be made public until the end of this month, also turned up the following revelations:

¶That the National Security Agency, which has the responsibility for monitoring the communications of other nations and attempting to break their codes, illegally listened in on overseas telephone conversations of specific American citizens whose names or telephone numbers had been provided to it by "another government agency."

¶That the Federal Bureau of Investigation violated its own manual of regulations by preserving in its files "intimate sexual gossip" picked up by

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agents during a criminal investigation.

¶That Robert A. Maheu, a former top aide to Howard R. Hughes, the billionaire, arranged at the behest of the C.I.A. to supply King Hussein of Jordan and other foreign leaders with female companions who were reimbursed for their efforts with Federal funds.

¶That "thousands, if not millions, of dollars of unwarranted mark-ups" were added to the cost of bugging equipment purchased by the F.B.I. through a private company whose president was a close friend of high bureau officials.

An F.B.I. spokesman said he would have no comment on the report's allegations until it was made public.

Colby Calls It Biased

But William E. Colby, the outgoing Director of Central Intelligence, said that a preliminary draft of the House report he had seen was "biased and irresponsible."

Mr. Colby said through a spokesman that the panel's disclosure of several of the agency's sensitive activities would harm American foreign policy, and he criticized what he termed "a selective use of evidence" by the committee "to present a totally false picture of American intelligence as a whole."

A Searle Field, the committee's staff director, responded that Mr. Colby had not yet seen the final version of the report approved by the panel on Friday, from which a number of names and other sensitive details were deleted.

Mr. Field added that the committee "would appreciate his not attempting to irresponsibly characterize the report before the public has had a chance to read it for themselves."

The committee's three Republican members and one of its 10 Democrats voted on Friday against releasing the report in its present form. However, one source present at that meeting said that none of the four had objected to the report's tone or conclusions, only to the inclusion of sensitive information about three covert C.I.A. operations.

On Arms Shipments

The document contains long sections on the C.I.A.'s financing of political parties in Italy and its shipment of arms to anti-Communist forces in Angola and to Kurdish rebels in Iraq, although none of the countries is identified.

Mr. Colby pointed out today, however, that the unilateral release of that information, much of which has already appeared in news accounts, violated the committee's agreement with the White House to first seek President Ford's approval to make it public.

In subsequent interviews with NBC, Mr. Colby asked what he might do after leaving office later this week, replied that he was considering writing a book about "modern intelligence" methods.

The C.I.A. has also expressed private concern about the committee report's description of its failure to give foreign policy makers sufficient advance warning of the outbreak of the 1973 Middle East war, he 1974 political coups in Cyprus and Portugal, the Indian nuclear explosion that same year and the 1968 Soviet invasion of Czechoslovakia.

But a committee source said today that the intelligence agency had not responded to the panel's request for details on comparable intelligence successes, except to cite the "saving of Europe" from Communist control following World War II and the frustration of efforts by Prime Minister Fidel Castro of Cuba to "export revolution" to Latin America.

'In Compliance'

Told of the committee assertion regarding the violation by the C.I.A. of the 1967 Presidential directive, Mr. Colby replied through a spokesman that he believed the agency to have been in compliance with President Johnson's order to halt "any covert financial assistance or support, direct or indirect, to any of the nation's educational or private voluntary organizations."

The House report noted, however, that Carl Duckett, who heads the C.I.A.'s division of science and technology, testified to the panel last Nov. 4 that the agency "still has ongoing contracts" for research and development "with a small number of universities," and that some of them were covertly let—that is, that the institutions performing the work were unaware that they were working for the C.I.A.

The agency, the report declared, has "unilaterally reserved the fight to, and does, depart from the [1967] Presidential order when it has the need to do so."

Retaining Flexibility

It quoted a June 21, 1967, memorandum to Richard Helms, then the Director of Central Intelligence, noting that the agency would try to conform to the Johnson guidelines "as rapidly as feasible and wherever possible," but that "the agency must retain some flexibility for contracting arrangements with academic institutions."

The panel also cited a study it requested from auditors for the General Accounting Office that concluded that significant portions of the Federal Intelligence budget had gone unreported to Congress in recent years.

The secret intelligencebudgets given to Congress, the G.A.O. said, did not contain a number of important items, including 20 percent of the National Security Agency's annual budget, the budgets of the Pentagon's Advanced Projects Research Administration and the National Security Council, and the costs of domestic counter-intelligence functions performed by the F.B.I.

The expenditures of those funds, the report said, were largely unchecked by Congress and even by the Office of Management and Budget, which assigned only six full-time auditors to the foreign intelligence agencies. It said this spending was also inadequately monitored by C.I.A. accountants, who told the committee that in many cases they had been forced to "rely solely on the integrity" of many agency officials.

One of the categories of inappropriate expenditures cited by the agency was Mr. Maheu's procurement of women, which a committee source said occurred around 1957. This was some years after he became a consultant to Mr. Hughes and about the same time that he produced for the agency a pornographic film, "Harry Days," which starred an actor who resembled Indonesian President Sukarno.

The report did not elaborate on the production of the film, or whether it was ever used to embarrass Mr. Sukarno, as the agency had intended.

Neither Mr. Maheu nor Mr. Sukarno were named in the report, from which all identities have been excised. But their names, like that of King Hussein, were provided by sources familiar with the House panel's investigation.

No controls on

who now heads the Senate Select Committee on Intelligence, which last year conducted a subsequent investigation into intelligence agencies.

Mr. Jackson was the second Senator in two days to acknowledge that he had given private advice to C.I.A. officials worried about how to answer Congressional questions on operations in Chile.

Late Friday, Senator Stuart Symington, Democrat of Missouri, said he had advised a former Director of Central Intelligence, Richard Helms, on how to respond to questions about the C.I.A.'s Chilean operations and other matters.

Mr. Helms faced questioning in 1973 Senate hearings before his confirmation as Ambassador to Iran, the position he now holds.

Until the multinational subcommittee began its investigation, the C.I.A. had never been scrutinized by any Congressional committees other than the principal oversight subcommittees of the Senate and House Armed Services and Appropriation committees.

The C.I.A. memorandum, presumably prepared by William V. Broe, chief of the agency's Western Hemisphere division, who was a key figure in Chilean operations, purports to describe a meeting with Senator Jackson on Feb. 3, 1973.

The memo said that Senator Jackson had recommended that James R. Schlesinger Jr., then Director of Central Intelligence, should as a "first order of business discuss the problem with the White House," and suggested that Mr. Schlesinger talk only with President Nixon or H. R. Haldeman, his chief of staff.

"Senator Jackson felt that the ultimate solution to the problem facing the agency could be found in getting Senator McClellan, acting on behalf of Senator Stennis, to call a session of the C.I.A. oversight committe.

[Senators John C. Stennis, Democrat of Mississippi, and John L. McClellan, Democrat of Arkansas, headed different committees with some legal authority over the C.I.A.]

"This committee" the memo continued, "would then look into the nature and scope of C.I.A.'s activities in Chile in 1970. Once that was accomplished, the oversight committee would handle the Foreign Relations Committee.

"Senator Jackson repeatedly made the comment that in his view the C.I.A. oversight committee had the responsibility of protecting the agency in the type of situation that was inherent in the Church subcommittee," the memorandum said in part.

It went on to note that "once the oversight committee heard the details provided on the C.I.A.'s involvement, the agency would send a brief statement to the Church subcommittee staff members in response to the questions which they had previously posed to C.I.A."

Indeed, the memorandum said, Senator Jackson even agreed on atext of a statement the C.I.A. could give the Church subcommittee.

Denial on I.T.T. Funds

"The testimony of Mr. Helms 5 and 7 February [1973] before the Senate Foreign Relations Committee clearl yestablished that C.I.A. neither gave nor received from I.T.T. funds for use in Chile in 1970 for support of political parties," the proposed statement read.

"In addition, Mr. Helms's testimony brought out the fact that there were no joint action programs established in the context of the 1970 political developments in Chile. C.I.A. regards Mr. Helms' testimony on this topic to be accurate, thus, no further elaboration is planned," the memorandum would have said.

In fact, however, Mr. Helms's testimony has been sharply contradicted since then by evidence collected by the subcommittee on multinations and by the Senate Select Committee on intelligence.

The Department of Justice is investigating whether Mr. Helms committed perjury doing those hearings.

Mr. Jackson said he did not recall a specific meeting on Feb. 23, but he did recall discussing Mr. Church's investigation with John Maury, then the C.I.A.'s legislative officer on Capitol Hill, and possibly with other officials of the agency.

He said he told the agency men to take "their problem" to the chairmen of the proper oversight committees. One chairman was Senator Stennis, head of the armed services committee's Central Intelligence subcommittee. But Mr. Stennis had been shot in a holdup attempt on Jan. 30, so, Mr. Jackson said, he suggested that the C.I.A. talk to Senator McClellan, head of the defense subcommittee of the Appropriations Committee which also has oversight of the C.I.A.

Church's Role Discussed

Mr. Jackson said he believed that he later told Senator Church about the C.I.A. approach. Mr. Church said in a telephone interview that he "couldn't recall Mr. Jackson discussing that with me."

Mr. Church said he believed that he first learned of the matter when the investigating committee obtained the same memorandum described in the House report.

Asked if he was surprised to learn that another Senator had tried to stymie his investigation, he said: "It doesn't surprise me. The C.I.A. had its friends up here [on Capitol Hill] and they often when to their friends."

Whether Mr. Jackson was the source of the advice, or not, the C.I.A. followed a plan very similar to the one described in the memorandum. Mr. Schlesinger went to see Senator McClellan and told him of his concern about discussing covert operations with the Church committee.

Mr. Schlesinger, senior intelligence officials confirmed, did not himself know at that time about C.I.A. involvement in an attempted military coup d'etat in Chile and was only trying to protect the political covert operations. At first, several Congressional sources confirmed, Mr. McClellan agreed to hold a closed hearing on the matter at which Mr. Church could be an "onlooker."

Mr. McClellan said in a telephone interview that he could not recall a specific meeting with Mr. Schlesinger but that he could generally remember the subjects coming up.

Church says he Refused

Mr. Church said he refused to participate in the arrangement to sit in on a hearing of the other committee. "I told them our investigation would go ahead without the cooperation of C.I.A.," he said.

Later, Mr. Schlesinger agreed to permit Mr. Broe to testify before the multinational subcommittee in closed session on the narrow question of direct I.T.T.-C.I.A. relationships.

The multinational subcommittee investigations and the later Senate select committee inquiry into the C.I.A. has revealed that the United States attemptd to manipulate internal Chilean policy for more than a decade.

It poured out money particularly to the opponents of Salvador Allende Gossens, a Marxist doctor who later became President. The C.I.A., however, apparently did not accept I.T.T. money for its operations.

When it appeared that Mr. Allende would become President in the fall of 1970, President Nixon ordered a massive covert effort to keep Mr. Allende from power. In the course of this the C.I.A. transferred three submachine guns and a quantity of tear gas bombs to a group plotting to kidnap General René Schneider, chief of the Chilean Army staff. In an related plot General Schneider was assassinated.